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Hillside Copper Project Expansion

- **Recent discoveries lead to expanded mine study.**
- **Pre-feasibility study to now focus on optimised plant scale (15Mtpa).**
- **Minimum 10 year mine life, industry competitive operating costs and moderate capital intensity to drive returns.**
- **Production of 100,000t copper equivalent (70,000t Cu, 50,000oz Au, 1.3Mt Fe).**
- **Financing discussions to be advanced in parallel with Hillside studies.**

Rex Minerals Limited ("Rex") has decided to focus the pre-feasibility study for its 100% owned Hillside Copper Project on an expanded and optimised mine plan producing the equivalent of 100,000 tonnes of copper per annum – almost double the production rate envisaged in stage one of the recent concept study (released 27 July 2011).

Recent exploration success at Hillside, has led to the view that project returns would be enhanced by moving straight to a 100 ktpa copper equivalent (CuEq) production rate rather than previously announced two-stage development outlined in the concept study.

Rex is also leaving open the potential for further expansion options depending on the results over the next six months of its regional large-scale exploration targets in close proximity to Hillside.

To ensure expeditious project development, Rex has also commenced preliminary financing discussions to ensure an alignment of sponsor, developer, and financier interests when the pre-feasibility study moves to a bankable study next year.

Rex's Managing Director Mr Steven Olsen said today "The move from a staged development to an immediate 15 mtpa operation is an improvement to the project. With the positive drilling results of recent months it makes sense to focus on a larger immediate scale.

"Of particular importance to us is that the initial test work indicates that Hillside will produce high quality copper-gold and iron-ore concentrates. This should give Rex a number of strong financing options that do not rely on equity markets. The key to project development is to involve potential financiers early to ensure they have followed the project from the PFS to BFS which is what we will now do." Mr Olsen said.

The concept study was based on resource scoping and work received up until April 2011 and provided broad capital and operating costs estimates based on a two-stage development (Stage One 7.5-9 Mtpa, Stage Two 15-18Mtpa).

However, since April 2011, and in particular over the past 3 months, there has been a significant number of high-grade and shallow copper results such as at Leprena which have given confidence to now focus the pre-feasibility study on a 15 Mtpa processing plant from the commencement of operations.

This change delivers substantially higher production and hence revenues in the first six years compared to the two staged approach adopted in the concept study.

At 15 Mtpa Hillside would produce over 100,000t copper equivalent (copper of 70,000t, gold of 50,000ozs and iron ore of 1.3M) for a minimum of 10 years. The final mine life is dependent on how much ore is discovered over the next six months and regionally beyond that.

The optimised 15 Mtpa production plan, compared to the initial concept study, is summarised below.

Table 1: Approximate capital costs and copper equivalent (CuEq) production estimates based on conceptual study information and further exploration results.¹

	Upfront capital	CuEq production Years 1-6	CuEq production Years 7-10+
Concept Study	A\$700 million	55,000t*	>100,000t*
Optimised Mine Plan	A\$900 million	>100,000t*	>100,000t*

* Price Assumptions: Copper price = 3.20 US\$/lb, Gold price = 1200 US\$/ounce, Magnetite price = 120 US\$/tonne (see Table 4 in Rex Conceptual Study announcement, 27 July 2011 for more detail on price assumptions).

The cash costs for the copper production over the life of the project (inclusive of by-product credits) are estimated to be very close to the world average, recently estimated to be \$1.12 (GFMS copper report, March 2011).

The current scale and mine life of the Hillside project along with the significant regional potential offer a unique opportunity for potential partners to become involved in the project, particularly given the estimated quality of the copper and iron-ore concentrates. Discussions will also be held with speciality infrastructure providers (camp, water electricity) in determining funding options.

Rex believes that this will open up favourable financing options to fund the development of the project and will be pursuing these options during the pre-feasibility study which is due for completion in mid-2012.

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¹ *The results contained within this announcement from the Hillside conceptual study contain “forward-looking statements”. All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement”.*